

## Message Text

SECRET

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ORIGIN EA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 EB-03 L-01 SP-02

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DRAFTED BY EA/PRCM:PGSMITH:MFR

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

AMEMBASSY SEOUL

INFO AMCONSUL HONG KONG

USLO PEKING

S E C R E T STATE 038185

LIMDIS

E.O. 11652:GDS

TAGS: ENRG, PLOS, PFOR, CH, TW, KS, US

SUBJECT: GULF PLANS TO DRILL IN EAST CHINA SEA

REF: STATE 32418 (NOTAL); SEOUL 528 (NOTAL) AND PREVIOUS

1. DEPUTY SECRETARY HAS EXPRESSED DEPARTMENT'S CONCERN TO GULF REGARDING PLANS TO DRILL FOR OIL IN ITS SOUTHERN ROK CONCESSION AREA.

2. IN REPLY, GULF CHAIRMAN BOB DORSEY TOLD MR. INGERSOLL  
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FEBRUARY 17 THAT PROBLEM REALLY IS NOT GULF'S BUT ZAPATA OIL'S. DORSEY EXPLAINED THAT GULF HAS LITTLE CONFIDENCE IN FINDING OIL IN THE AREA IN QUESTION, BUT IS COMMITTED TO THE ROKG TO DRILL A NUMBER OF WELLS. ACCORDINGLY, AS HE SAYS IS STANDARD PRACTICE WHEN A COMPANY DESIRES TO LIMIT ITS INVESTMENT IN SUCH AN OPERATION, GULF HAS FARMED OUT ; THE DRILLING TO ZAPATA.(WE UNDERSTAND, FROM ANOTHER SOURCE, THAT ZAPATA IS OBLIGATED TO GULF TO DRILL AT LEAST ONE WELL).

3. DORSEY ALSO TOLD DEPUTY SECRETARY THAT DURING A RECENT LUNCH WITH THE ROK DEPUTY PRIME MINISTER NOW VISITING US,

HE LEARNED THAT THE DRILL RIG WHICH ZAPATA WOULD USE IS BEING BUILT IN TAIWAN FOR FLUOR CORPORATION, THAT IT IS NOT YET COMPLETE, AND THAT "TAIWAN" (PRESUMABLY CHINESE PETROLEUM CORP. (CPC) OR A FOREIGN CONCESSIONAIRE) IS TRYING TO OBTAIN A COMMITMENT FOR ITS USE IN TAIWAN WATERS FIRST. DORSEY SAID THAT THIS MIGHT MAKE THE WHOLE QUESTION ACADEMIC, IF THE RIG WERE NOT AVAILABLE FOR OPERATION IN THE ROK CONCESSION.

4. DEPARTMENT IS CONTEMPLATING NEXT STEPS WHICH SHOULD BE TAKEN VIS-A-VIS GULF, ZAPATA, AND ROKG. EMBASSY TAIPEI IS REQUESTED TO CONTACT FLUOR OFFICE THERE AND TRY TO FIND OUT:

A) STATUS OF RIG CONSTRUCTION AND EXPECTED COMPLETION DATE;

B) WHETHER FLUOR IS ALREADY UNDER CONTRACT TO ZAPATA TO PROVIDE RIG FOR KOREAN OPERATION AND FOR WHAT PERIOD;

C) WHETHER CPC OR AN ROC CONCESSIONAIRE IS INTERESTED IN GETTING THE RIG FIRST, AND IF SO, WHICH WAY FLUOR IS LEANING.

5. EMBASSY TAIPEI SHOULD AVOID EXPLICITLY TYING INQUIRY TO ANY SPECIAL CONCERN ABOUT GULF/ZAPATA OPERATION, BUT WOULD OF COURSE BE FREE TO REITERATE USG'S STANDARD POSITION ON OPERATIONS IN DISPUTED WATERS IF FLUOR ASKS.

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6. DOES EMBASSY SEOUL KNOW WHEN, UNDER TERMS OF CONCESSION AGREEMENT WITH ROKG, GULF IS REQUIRED TO BEGIN DRILLING OPERATIONS IN THE AREA IN QUESTION? KISSINGER

SECRET

NNN

\*\*\* Current Handling Restrictions \*\*\* LIMDIS

\*\*\* Current Classification \*\*\* SECRET

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